

# B S R & Co. LLP

Chartered Accountants

14th Floor, Central B Wing and North C  
Wing, Nesco IT Park 4, Nesco Center,  
Western Express Highway,  
Goregaon (East), Mumbai - 400 063,  
India Telephone: +91 (22) 6257 1000  
Fax: +91 (22) 6257 1010

The Board of Directors  
Aditya Birla Capital Limited  
One World Centre Tower 1  
18th Floor, Jupiter Mill Compound  
841, Senapati Bapat Marg  
Elphinstone Road  
Mumbai 400 013

11 March 2024

## **Independent Auditor's Report on the accounting treatment in the proposed Scheme of Amalgamation under Sections 230 to 232 of the Companies Act , 2013, relevant rules thereunder and SEBI Master Operational Circular no. SEBI/HO/DDHS/PoD1/ P/CIR/ 2023/ 108**

1. In relation to the proposed scheme of Amalgamation between Aditya Birla Finance Limited (“Amalgamating Company”) and Aditya Birla Capital Limited (“Company” or “Amalgamated Company”) and their respective shareholders and creditors (“Proposed Scheme”) which provides for the merger of the Amalgamating Company with the Company, we, the statutory auditors of the Company;
  - i. Conclude that nothing has come to our attention that causes us to believe that the Amalgamated Company is not capable of payment of interest/ repayment of principal amount of listed non-convertible debentures of the Amalgamating Company existing as on 29 February 2024.
  - ii. Certify that the proposed accounting treatment specified in ‘Clause 9.1 – Accounting Treatment’ of the Proposed Scheme, the extract of which is reproduced under Appendix I of Annexure A is in conformity with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder (“SEBI Regulations”) and applicable Indian Accounting Standards (“Ind AS”) specified under Section 133 of the Companies Act , 2013 (“Act”) and other generally accepted accounting principles in India.
2. The responsibility for the preparation of the Proposed Scheme and compliance with relevant laws and regulations, including applicable Accounting Standards as aforesaid, is that of the boards of directors of the companies involved. Our responsibility is to examine and report whether the Proposed Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We

B S R & Co. LLP

carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.

3. This Certificate is issued at the request of the management of the Company pursuant to the requirements of the SEBI Regulations for onward submission to the BSE Limited, the National Stock Exchange of India Limited, SEBI, the National Company Law Tribunal and any other regulatory authorities in relation to the Proposed Scheme. This Certificate should not be used for any other purpose without our prior written consent.
4. This Certificate should be read together with Annexures of even date attached herewith (Annexures A and B and Appendix I).

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022



**Ashwin Suvarna**  
Partner

Membership No: 109503  
UDIN: 24109503BKCSJN2638

Mumbai  
Date: 11 March 2024

## Annexure A to the Report

The Board of Directors  
Aditya Birla Capital Limited  
One World Centre Tower 1  
18th Floor, Jupiter Mill Compound  
841, Senapati Bapat Marg  
Elphinstone Road  
Mumbai 400 013

11 March 2024

### **Independent Auditor's Certificate in relation to proposed accounting treatment in the books of Aditya Birla Capital Limited ("Company" or "Amalgamated Company") as specified in the Proposed Scheme of Amalgamation of Aditya Birla Finance Limited ("Amalgamating Company") with Aditya Birla Capital Limited and their respective shareholders and creditors**

1. This certificate is issued in accordance with the terms of our engagement letter dated 8 June 2023 and addendum to the engagement letter dated 28 February 2024.
2. We have been requested by the management of Aditya Birla Capital Limited ("Company" or "Amalgamated Company") to issue a certificate in relation to the proposed accounting treatment specified in Clause 9.1 of the proposed Scheme of Amalgamation of Aditya Birla Finance Limited with the Company and their respective shareholders and creditors ("Proposed Scheme") and as reproduced in Appendix I to this certificate in terms of the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Act") and rules made thereunder with reference to its compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder ("SEBI Regulations") and the applicable Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act and other generally accepted accounting principles in India.
3. The Proposed Scheme is approved by the Board of Directors of the Company and the Amalgamating Company on 11 March 2024, and is subject to approval of the respective Shareholders, the National Company Law Tribunal ("NCLT") and Statutory and Regulatory Authorities, as applicable. The appointed date for the purpose of the Proposed Scheme is 1 April 2024.

### **Management's Responsibility**

4. The preparation of the Proposed Scheme as reproduced in the Appendix I and its compliance with the relevant provision of the Act, the SEBI Regulations, laws and regulations, including the applicable Ind AS read with the Rules made, issued thereunder and the Generally Accepted Accounting Principles in India is the responsibility of the management of the Companies involved, including the preparation and maintenance of all accounting and other relevant supporting records and documents.

**Management's Responsibility (continued)**

5. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Proposed Scheme including the accounting treatment as reproduced in Appendix I and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.
6. The Company's management is also responsible for ensuring that the Company complies with the requirements of the Act, the SEBI Regulations and for providing all relevant information to the NCLT, the Bombay Stock Exchange of India Limited ('the BSE'), and the National Stock Exchange of India Limited.

**Auditor's Responsibility**

7. Pursuant to the requirements of provisions of Section 232 of the Act and the SEBI Regulations our responsibility is to provide a reasonable assurance whether the proposed accounting treatment specified in Clause 9.1 - Accounting Treatment of the Proposed Scheme and extract of which is reproduced in Appendix I to this certificate is in conformity with the SEBI Regulations and Ind AS prescribed under Section 133 of the Act read with the rules issued thereunder and other Generally Accepted Accounting Principles in India.
8. We conducted our examination of the proposed accounting treatment referred to in Clause 9.1 of the Proposed Scheme and as reproduced in Appendix I in accordance with the Guidance Note on Reports or Certificates for Special Purposes ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

10. As per Section 232(6) of the Act, the Proposed Scheme has to provide for the appointed date from which the Proposed Scheme shall be deemed to be effective. The Company has accordingly proposed the appointed date as 1 April 2024 in the Proposed Scheme.
11. Based on our examination and according to the information and explanations given to us and appropriate representations obtained from the Company, the proposed accounting treatment specified in Clause 9.1 – Accounting Treatment of the Proposed Scheme and the extract of which is reproduced in Appendix I to this certificate initialed by us for the purpose of identification only, is in conformity with the SEBI regulations and applicable Ind AS prescribed under Section 133 of the Act and other generally accepted accounting principles in India.

**Restriction on use**

12. This certificate is issued at the request of the management of the Company solely for the purpose of onward submission to the NCLT, BSE Limited, National Stock Exchange of India Limited, SEBI and any other regulatory authorities in relation to the Proposed Scheme pursuant to the requirements of the SEBI Regulations and Sections 230 to 232 of the Act and relevant Rules thereunder. Our certificate should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



**Ashwin Suvarna**

Partner

Membership No: 109503

UDIN: 24109503BKCSJN2638

Mumbai

Date: 11 March 2024

## Appendix I

### Extract of the Proposed Scheme

#### 9. ACCOUNTING TREATMENT

##### 9.1 In the books of the Amalgamated Company:

On the Scheme taking effect, the Amalgamated Company shall account for amalgamation in its books of account with effect from the Appointed Date as under:

- 9.1.1 Notwithstanding anything contrary contained in any other clause in the Scheme, the Amalgamated Company shall account for the amalgamation in its books of accounts in accordance with the 'pooling of interest method' laid down in Appendix C of Indian Accounting Standards (Ind AS) 103 'Business Combinations notified under Section 133 of the Act read with the rules issued thereunder and other generally accepted accounting principles in India. Accordingly, the financial information in the financial statements of the Amalgamated Company in respect of prior period will be restated as if the business combination had occurred from the beginning of the preceding period presented in the financial statements, irrespective of the actual date of the combination and such restatement shall not be considered or treated to be a revision of financial statements in terms of the provisions of Section 131 of the Act.
- 9.1.2 The Amalgamated Company, upon this Scheme becoming effective, shall record the assets and liabilities including reserves and Goodwill of the Amalgamating Company at their carrying amounts as appearing in the consolidated books of accounts of the Amalgamated Company in accordance with Appendix C to Ind AS 103 "Business Combinations" and relevant clarifications issued by Ind AS Transition Facilitation Group ("ITFG").
- 9.1.3 Reserves shall appear in the financial statements of the Amalgamated Company in the same form in which they appeared in the Consolidated Financial statements of the Amalgamated Company.
- 9.1.4 The inter-company balances, if any, between the Amalgamating Company and the Amalgamated Company shall stand cancelled upon this Scheme becoming effective and the same shall be eliminated by giving appropriate elimination effect in the books of account and records of the Amalgamated Company.
- 9.1.5 The financial statements of the Amalgamated Company will reflect the financial position on the basis of consistent accounting policies. In case of any difference in any of the accounting policies between the Amalgamating Company and the Amalgamated Company, the accounting policies followed by the Amalgamated Company will prevail and impact of the same as on the Appointed Date will be quantified and adjusted in the reserves to ensure that the financial statements of the Amalgamated Company reflect the financial position on the basis of consistent accounting policy.
- 9.1.6 Difference between investment in the Amalgamating Company and the net assets and reserves of the Amalgamating company (as per Clause 9.1.2 above) shall be transferred / adjusted to Capital Reserve Account. The Order of the NCLT sanctioning the scheme shall be deemed to be an Order under Section 230 of the Act confirming such utilisation/reduction of the Capital Reserve Account.

## Annexure B to the Report

The Board of Directors  
Aditya Birla Capital Limited  
One World Centre Tower 1  
18th Floor, Jupiter Mill Compound  
841, Senapati Bapat Marg  
Elphinstone Road  
Mumbai 400 013

11 March 2024

### **Independent Auditor's Certificate in relation to capability of Aditya Birla Capital Limited to pay interest/repay principal amount of listed non-convertible debentures of the Aditya Birla Finance Limited existing as on 29 February 2024**

1. This certificate is issued in accordance with the terms of our engagement letter dated 8 June 2023 and addendum to the engagement letter dated 28 February 2024
2. We have been requested by the management of Aditya Birla Capital Limited ("Company" or "Amalgamated Company") to issue a certificate in relation to the Amalgamated Company's capability to pay interest/repay principal amount of listed non-convertible debentures of Aditya Birla Finance Limited ("the Amalgamating Company") existing as on 29 February 2024, pursuant to the requirements of the operational circular SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/0000000103 dated 29 July 2022 (as updated on 1 December 2022) ("Circular") issued by Securities Exchange Board of India ("SEBI"), in relation to the proposed Scheme of Amalgamation between the Amalgamating Company and the Company and their respective shareholders and creditors ("Proposed Scheme").
3. The Proposed Scheme is approved by the Board of Directors of the Company and the Amalgamating Company on 11 March 2024, and is subject to approval of the respective Shareholders, the National Company Law Tribunal ("NCLT") and Statutory and Regulatory Authorities, as applicable. The appointed date for the purpose of the Proposed Scheme is 1 April 2024.

### **Management's Responsibility**

4. The management of the Company is responsible for providing all the information in relation to the preparation of this certificate including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal controls relevant to the details stated in the certificate and applying an appropriate basis of preparation, and making estimates that are reasonable in the circumstances.
5. The management of the Company is also responsible for ensuring that the Company complies with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Circular issued thereunder, and providing all relevant information with respect to the Proposed

**Management's Responsibility (continued)**

Scheme to the BSE Limited and National Stock Exchange of India Limited and any other regulatory authorities, as applicable.

**Auditor's Responsibility**

6. Our responsibility is to provide a limited assurance as to whether the Amalgamated Company is capable of payment of interest / repayment of principal amount of listed non-convertible debentures ("NCDs") of the Amalgamating Company existing as on 29 February 2024. In respect of certification of this subject matter, our examination is based on the audited financial statements of the Company and the Amalgamating Company as at and for the year ended 31 March 2023, the unaudited financial results of the Company and the Amalgamating Company for the nine month period ended 31 December 2023 (which have been subject to a Limited review) and management provided unaudited financial information of the Company and the Amalgamating Company for the eleven month period ended 29 February 2024.
7. In relation to paragraph 6 above, we have performed the following procedures:
  - a) We have read and evaluated disclosures related to borrowings, cash and bank balances and cash flows in the audited financial statements of the Company and the Amalgamating Company as at and for the year ended 31 March 2023. We have read and evaluated and the management prepared unaudited balance sheet and statement of cash flows of the Company and the Amalgamating Company as at and for the year ended 31 March 2023 and nine month period ended 31 December 2023
  - b) We have verified the financial ratios, maturity profile of loans and advances and other financial assets and repayment tenor of financial liabilities of the Company and Amalgamating Company as at 31 December 2023.
  - c) We have read the auditor's report of the Amalgamating Company on the financial statements as at and for the year ended 31 March 2023 and the limited review report of the Amalgamating Company on the unaudited financial results for the periods ended 30 June 2023, 30 September 2023 and 31 December 2023 for any qualification/adverse comments that may impact the interest payments/repayment of principal amount of NCDs of the Amalgamating Company.
  - d) We have read and taken note of the unmodified certificate dated 11 March 2024 obtained by management from the statutory auditors of the Amalgamating Company in relation to the Amalgamating Company's capability to pay interest/repay principal amount of listed non-convertible debentures of the Amalgamating Company existing as on 29 February 2024.
  - e) We have verified management provided unaudited financial information related to all borrowings including NCDs, standard loan assets, cash and bank, liquid investment balances and undrawn credit limits as at 29 February 2024.
  - f) We have obtained and read the provisional DNBS 04 return on Structural Liquidity and Interest rate sensitivity as at 29 February 2024 prepared by the Company and the Amalgamating Company for submission to Reserve Bank of India.
  - g) We have performed enquiries with the management on the movement in balances of borrowings, cash and bank, standard loans (Stage I and Stage II) and investments from 31 December 2023 to 29 February 2024.



**Auditor's Responsibility (continued)**

- h) We have relied on management representation that no material changes in liquidity position, Asset Liability Management return on Structural Liquidity and Interest rate sensitivity mismatches, quality of loan assets and quantum of NCDs have occurred post 31 December 2023.
  - i) We have read the minutes of the Board Meeting of the Company and the Amalgamating Company during the eleven month period ended 29 February 2024.
  - j) We have performed inquiries and obtained necessary representations from the management.
8. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. As part of this engagement, we have not performed any procedures by way of audit or review.
9. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Conclusion**

11. Based on our examination and according to the information and explanations given to us and appropriate representations obtained from the Company, nothing has come to our attention that causes us to believe that the Amalgamated Company is not capable of payment of interest / repayment of principal amount of listed non-convertible debentures of the Amalgamating Company existing as on 29 February 2024. We, however, state that this is not an assurance as to the future viability of the Amalgamated Company. We further state that our reporting is based on the procedures performed as enumerated in Para 7 above with regards to financial assets and liabilities of the Company and the Amalgamating Company as at 31 December 2023 and incrementally supplemented by information of balances of NCDs and other select financial assets as at 29 February 2024. We neither give any guarantee nor any assurance that all liabilities will get discharged by the Amalgamated Company as and when they fall due.

**Other matter**

12. The financial statements of the Amalgamating Company for the year ended 31 March 2023 and the financial results of the Amalgamating Company for the periods ended 30 June 2023, 30 September 2023 and 31 December 2023 were audited / reviewed by another auditor (joint auditors) who expressed unmodified opinion / conclusions on those financial statements / financial results on 9 May 2023, 31 July 2023, 1 November 2023 and 30 January 2024, respectively.

Our conclusion is not modified in respect of this matter.

**Restriction on use**

13. This certificate is issued at the request of the management of the Company solely for the purpose of onward submission to the NCLT, BSE Limited, National Stock Exchange of India Limited, SEBI and any other regulatory authorities in relation to the Proposed Scheme pursuant to the requirements of the Circular. Our certificate should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



**Ashwin Suvarna**

Partner

Membership No: 109503

UDIN: 24109503BKCSJN2638

Mumbai

Date: 11 March 2024